



To: Chicago Transit Authority Board  
From: Ron DeNard, Chief Financial Officer  
Re: Financial Results for December 2014  
Date: February 6, 2015

### I. Summary

CTA's financial results are \$5.2 million unfavorable for December and \$0.5 million favorable to budget for the full year. The unfavorable variance in December was expected and full year results show a positive variance.

Ridership for the month is 40.3 million and is 1.6 million less than budget. For the year to date ridership is 514.2 million and is less than budget and prior year by 20.4 million and 15.0 million, respectively.

### II. Cash & Liquidity

The chart below highlights CTA's cash position at December 2014 compared to December 2013.

	Dec 2014	Dec 2013	Increase (Decrease)
Unrestricted Cash	\$ 102.5	\$ 95.6	\$ 6.9
Damage Reserve	106.0	114.6	\$ (8.6)
Funds Owed by RTA	242.5	277.0	\$ (34.5)
Trust Portfolio Assets	665.9	420.7	\$ 245.2
Total Cash and Receivables	\$ 1,116.9	\$ 907.9	\$ 209.0

CTA's total cash/receivables balance is equal to \$1.1 billion. Unrestricted cash was \$6.9 million more than the prior year due to timing of real estate transfer taxes collected in 2013 and reduction in funds owed by RTA primarily due to an improvement in the cash flow lag for PTF (Public Transportation Funding) collections from five to four months. The cash in Damage Reserve, while still overfunded is \$8.6 million lower than last year because of claims paid in 2014 and the credit taken from the Reserve in the second half of 2013 to offset the unexpected reduction in the State's reduced fare reimbursement program. Funds owed by the RTA were approximately \$242.5 million which was \$34.5 million less than the prior year. CTA continues to work closely with the RTA to monitor their receivable balance owed; Trust Portfolio Assets represents bond proceeds held in Trust for funding capital projects and making required debt

service payments. The balances will decrease as we meet our scheduled spend down plan and debt service payments and will increase as CTA receives additional bond proceeds or grant money.

### III. Revenue

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Fare & Pass Revenue	\$ 46,509	\$ 401	\$ 2,800	\$ 583,299	\$ (9,751)	\$ 9,269

- Fare and pass revenue for December was favorable to budget and prior year primarily due to one additional workday in December 2014 and an increase in full-fare ridership. Farebox revenue was favorable to budget offsetting pass revenue which was unfavorable. The average fare for the month was \$1.15 and was \$0.05 more than budget.
- Year to date fare and pass revenue was \$583.3 million, which is 1.6% less than budget, in part due to the impact of the extreme winter weather during the first quarter of 2014. Also affecting variance to the prior year, the Red Line South free shuttles and \$0.50 bus fare discount was in effect from May 2013 to October 2013. The average fare for 2014 is \$1.13 per ride and \$0.02 more than budget.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Reduced Fare Subsidy	\$ 3,503	\$ 1,143	\$ 2,286	\$ 28,321	\$ 6,857	\$ 6,373

- Reduced Fare Subsidy is favorable to budget for the month and year due to the reinstatement of funding from the State. This is offset by a reduction in public funding for a neutral overall budget impact.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Advertising, Charter, Concession	\$ 2,583	\$ (1,678)	\$ (34)	\$ 27,561	\$ (2,091)	\$ 1,884

- Advertising, Charter and Concessions Revenue is unfavorable to budget for the month and year due to anticipation of a bonus for exceeding the minimum guarantee which did not happen. Year to date revenue was more than prior year due to higher vehicle and platform ad revenue and contract services.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Investment income	\$ (167)	\$ (204)	\$ (265)	\$ 422	\$ (72)	\$ 52

- Consistent with prior months, overall investment income was higher than budget for the month and year to date due to an improved investment portfolio strategy. As required under GASB 31, Investments were adjusted to market value for year-end purposes to reflect unrealized gains and losses which caused investment income to be less than budget and prior year. Excluding the adjustment, overall investment income of 704K for the year exceeded the budget and prior year.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Other Revenue	\$ 2,452	\$ (72)	\$ (1,527)	\$ 36,073	\$ 9,765	\$ (5,874)

- Other Revenue was slightly unfavorable to budget for the month, however, it is favorable for the year to date due to proceeds from the sale of properties with the City Colleges and the City of Chicago, additional non-capital grant revenue passed through to the Chicago Police Department for transit security services, and other miscellaneous revenue sources (such as parking lot revenue and scrap material sales) are trending positively. Other Revenue is lower than 2013 because additional non-capital grant revenue was received in 2013.

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Total System Generated Revenue	\$ 54,880	\$ (410)	\$ 3,260	\$ 680,675	\$ 4,708	\$ 11,705

- Total System-Generated Revenue was \$0.4 million less than budget for the month primarily due to less advertising revenue than anticipated. The \$4.7 million year to date favorable variance is due to the additional non-capital grant revenue, reduced fare subsidy reinstatement and sale of property, offsetting lower pass revenues.

#### IV. Expenses

Category	Current Month			Full Year		
	Actual	Variance to	Variance to	Actual	Variance to	Variance to
	Dec-14	Budget	Prior Year	2014	Budget	Prior Year
Labor	\$ 81,311	\$ 3,704	\$ 6,062	\$ 959,985	\$ 13,714	\$ (11,713)

- Labor expense was \$3.7 million less than budget for the month, mainly due to lower group insurance. For the year to date, labor expense was \$13.7 million or 1% less than budget and \$11.7 million more than prior year. Labor expense is higher than the prior year because the Customer Service Assistant program was not fully implemented until mid-year 2013 and due to contractual increases in wages and salaries.

Category	Current Month			Full Year		
	Variance to		Variance to	Variance to		Variance to
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Dec-14	Dec-14	Dec14 vs. Dec13	2014	2014	2014	2013
Material	\$ 8,703	\$ (3,553)	\$ (2,058)	\$ 75,963	\$ (14,163)	\$ (15,610)

- Material expense was over budget by \$3.6 million and \$14.2 million for the month and year, respectively. The materials expense category was impacted by additional funding for the obsolescence reserve and additional mileage on buses and rail cars, in part related to supporting capital projects. In addition, as vehicles undergo the overhaul process, additional work is performed as needed which increases the volume of material use. Additional winter prep work also commenced in 2014.

Category	Current Month			Full Year		
	Variance to		Variance to	Variance to		Variance to
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Dec-14	Dec-14	Dec14 vs. Dec13	2014	2014	2014	2013
Fuel	\$ 6,248	\$ (1,375)	\$ (1,949)	\$ 59,476	\$ 769	\$ 2,360

- Fuel for Revenue Equipment expense was \$1.4 million unfavorable to budget for the month due to costs related to year-end settlement of fuel hedge agreements. The strategy for FY15 includes the fixed fuel forward purchase of 90% of projected FY15 usage. The year to date is favorable to budget and prior year primarily due to lower prices and the increased use of D2 fuel in 2014. The efficiency of the bus fleet has also improved, resulting in more miles per gallon.

Category	Current Month			Full Year		
	Variance to		Variance to	Variance to		Variance to
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Dec-14	Dec-14	Dec14 vs. Dec13	2014	2014	2014	2013
Power	\$ 2,827	\$ (417)	\$ 511	\$ 33,568	\$ (6,123)	\$ (7,394)

- The Electric Power for Revenue Equipment expense was slightly unfavorable to budget for the month due to higher usage and the catch up on invoices from previous months. The unfavorable variance for the year is due to the impact of severe weather conditions in the first quarter.

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Provision Injuries & Damages	\$ 3,500	\$ (3,500)	\$ (2,396)	\$ 3,500	\$ (3,500)	\$ (3,500)

- Provision for Injuries and Damages was \$3.5 million unfavorable to budget due to the advance funding of the 2015 provision for damage reserve enabled by the favorable revenue and expenses in 2014.

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Purchase of Security Services	\$ 1,275	\$ (59)	\$ 124	\$ 13,628	\$ 459	\$ 10,533

- Purchase of Security Services was slightly unfavorable to budget for the month. Security expense was \$0.5 million favorable for the year primarily due to a one-time reclassification of charges eligible for grant reimbursement. The Customer Service Assistant program was fully implemented in 2014 and therefore security expense was \$10.5 million lower than 2013.

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Other Expenses	\$ 23,535	\$ 420	\$ 7,243	\$ 242,910	\$ 4,663	\$ 2,426

- Other Expenses were slightly favorable to budget for the month. Of the total monthly other expenses, the pension obligation bond expense is \$10.1 million; the remaining expenses are for utilities, maintenance contracts, services, and other expenses. The year-to-date favorable variance includes a \$1.7 million property damage reimbursement associated with a 2008 incident at the Cermak station and other savings on contractual expenses.

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Total Operating Expenses	\$ 127,399	\$ (4,781)	\$ 7,537	\$ 1,389,030	\$ (4,181)	\$ (22,900)

- Operating Expenses were more than budget for the month and year to date by \$4.8 million and \$4.2 million, respectively. Operating expense is \$22.9 million higher than 2013 primarily due to increases in labor, materials and power categories which were negatively impacted by severe weather during the first quarter of 2014.

## V. Recovery Ratio

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Recovery Ratio	51.24%	(2.33)		58.97%	0.56	

- Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 51.24% for the month. This was unfavorable to budget by 2.33 percentage points. For the year to date the recovery ratio was 58.97% and is favorable to budget. .

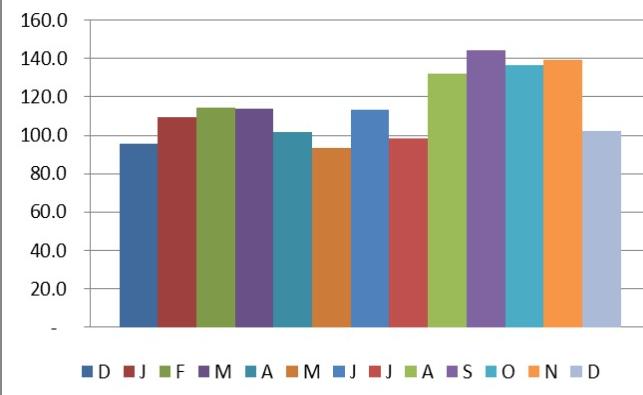
## VI. Ridership

Category	Current Month			Full Year		
	Actual Dec-14	Variance to Budget Dec-14	Variance to Prior Year Dec14 vs. Dec13	Actual 2014	Variance to Budget 2014	Variance to Prior Year 2013
Bus	21,945	(2,255)	496	276,117	(25,870)	(24,000)
Rail	14,980	493	701	194,827	5,373	8,120
Rail to Rail Transfers	3,386	115	157	43,273	140	864
Total	40,311	(1,646)	1,353	514,217	(20,357)	(15,016)

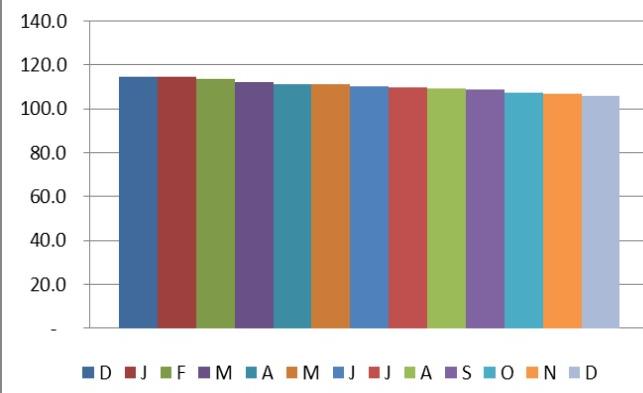
- Ridership for the month of December was 40.3 million and was 1.6 million less than budget and was 1.4 million more than prior year. Calendar adjusted ridership was up 1.3 % from prior year. December 2014 had 22 workdays compared with 21 in December 2013.
- Ridership for the year to date was 514.2 million and was 20.4 million less than budget and 15.0 million less than prior year. Calendar adjusted ridership was down 2.8% from prior year.
- More details on ridership can be found in the December Ridership Report

## Cash & Liquidity

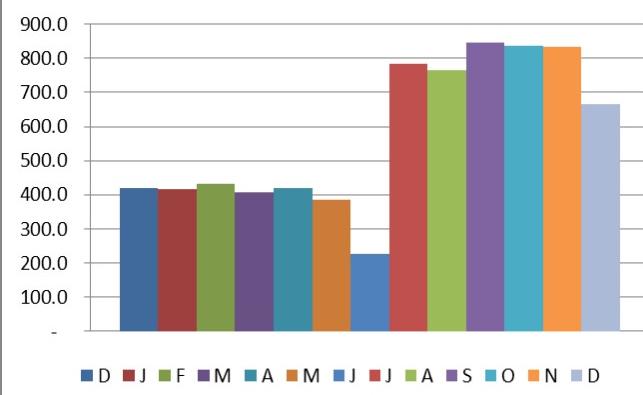
### Unrestricted Cash



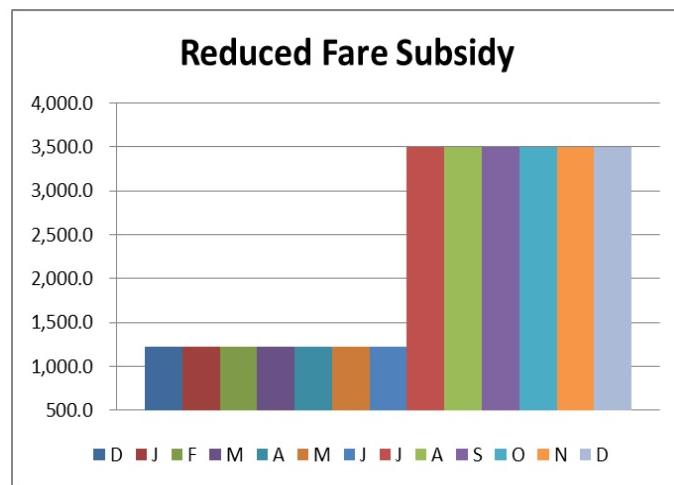
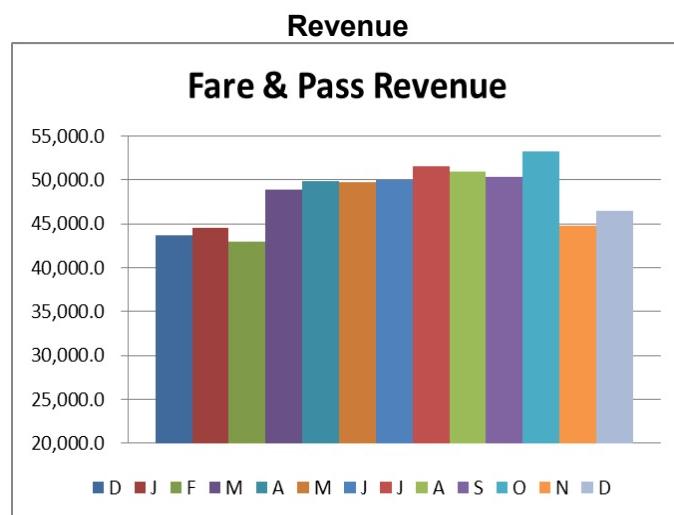
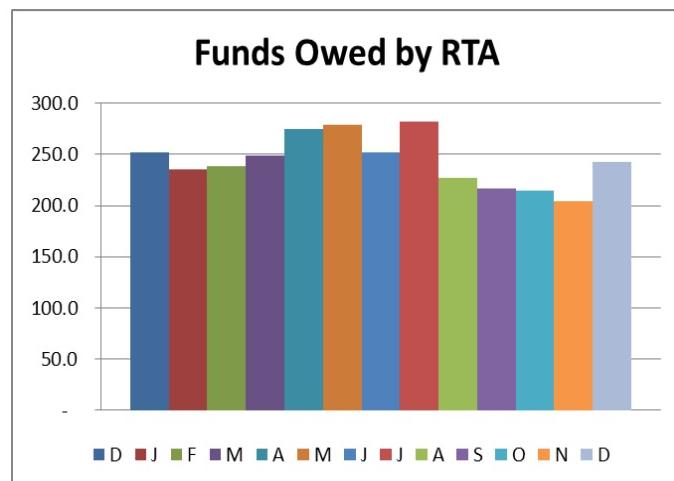
### Damage Reserve



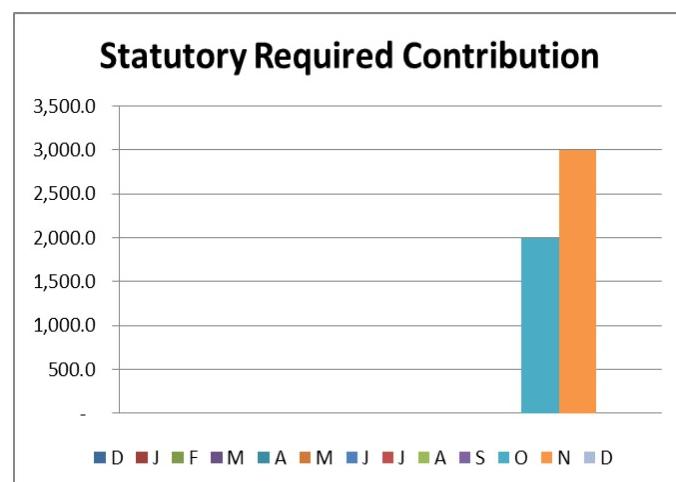
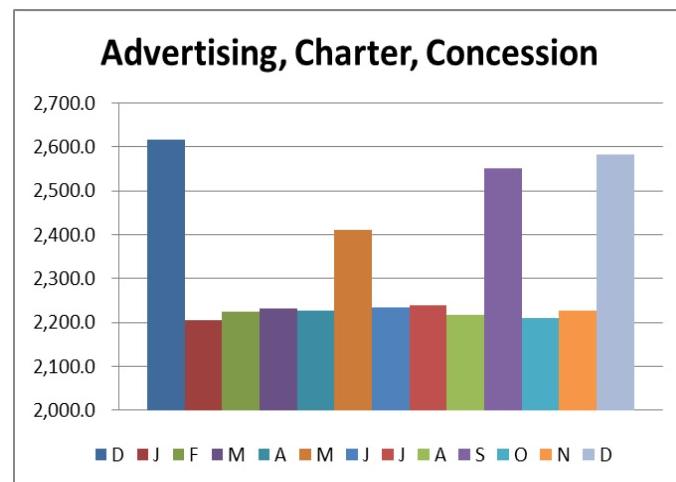
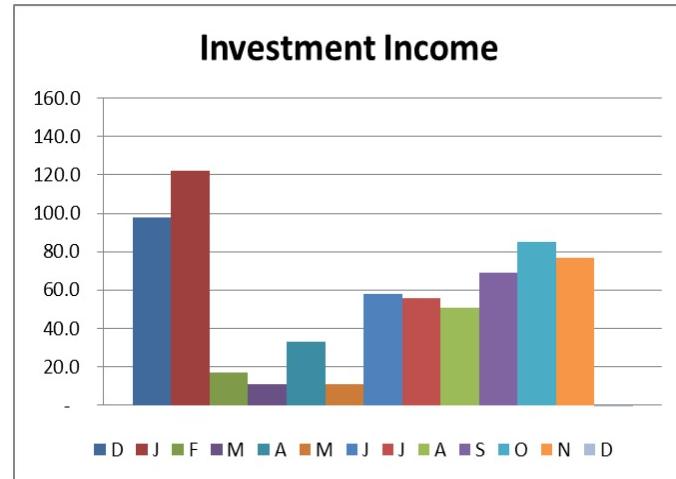
### Trust Portfolio Assets



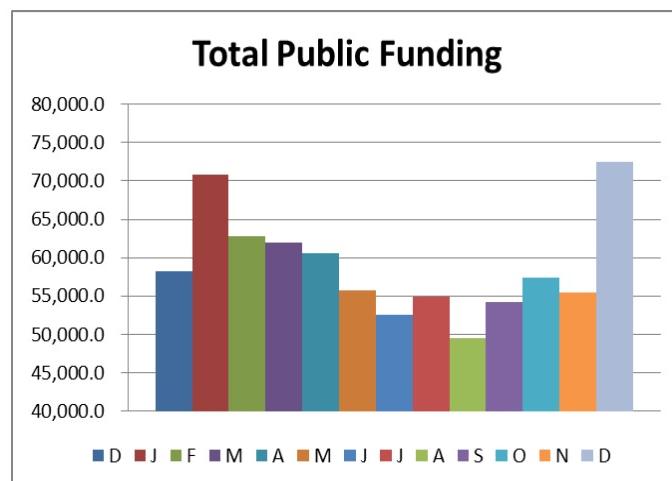
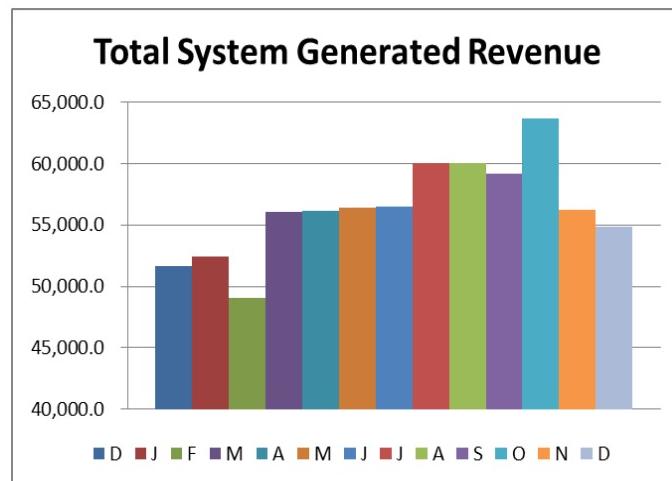
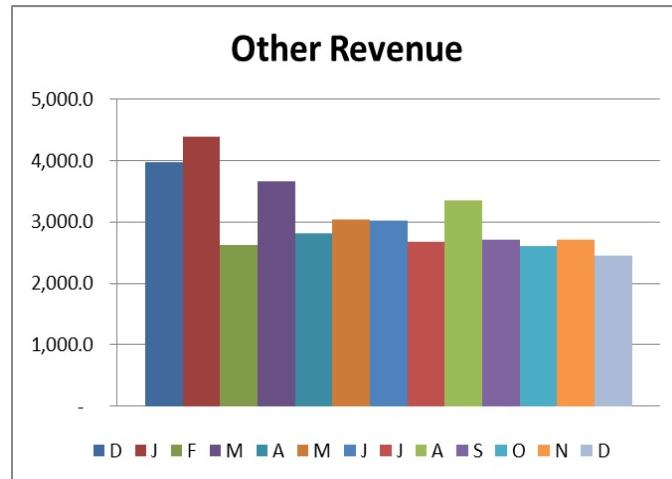
## Cash & Liquidity (con't)



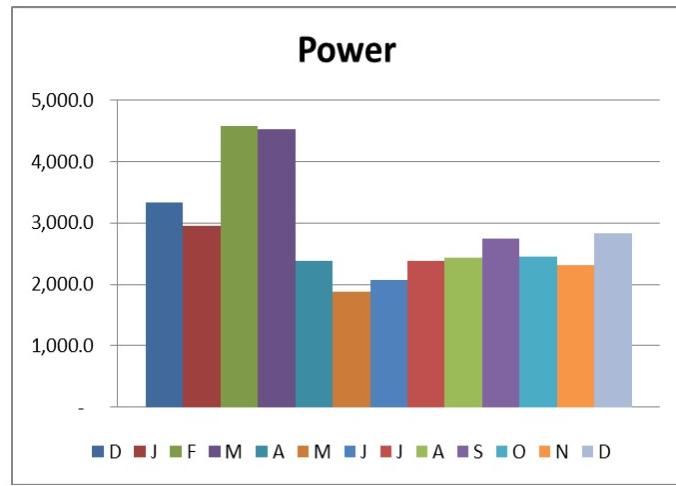
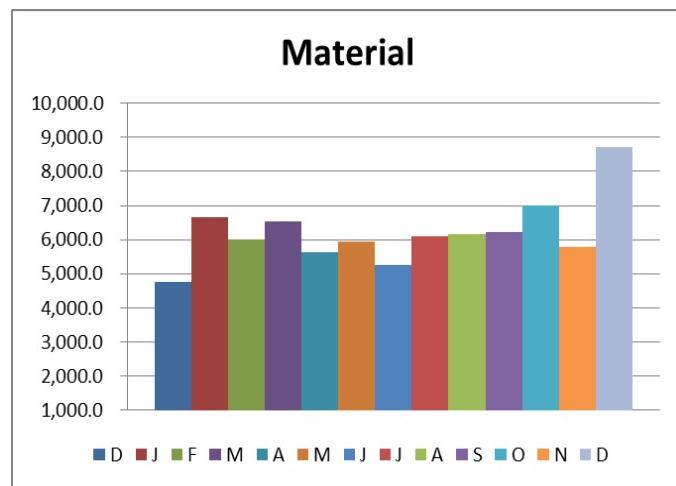
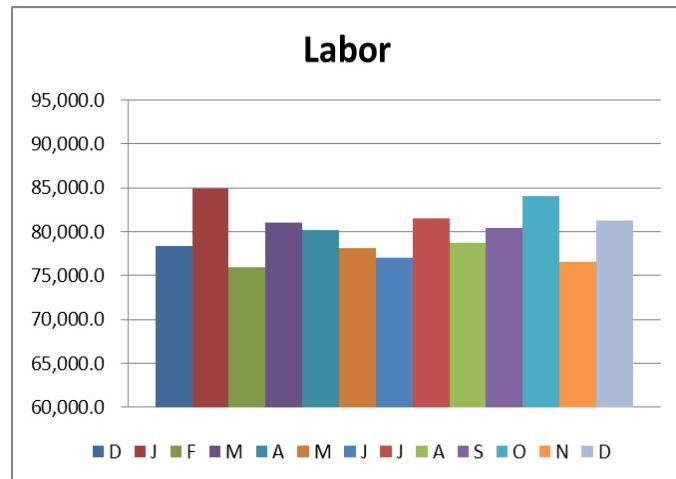
## Revenue (Con't)



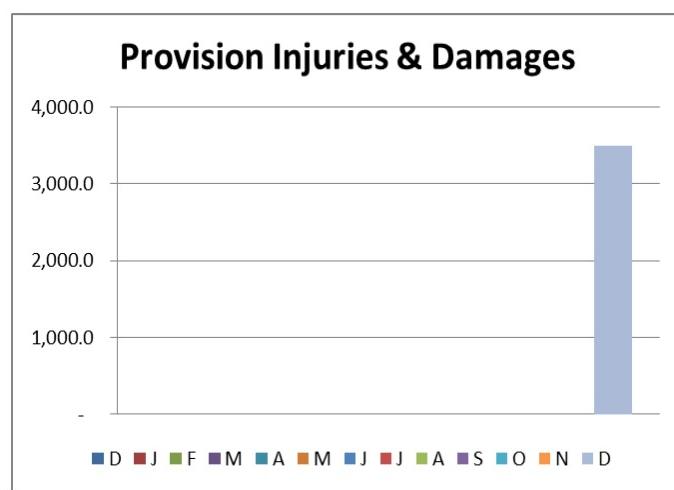
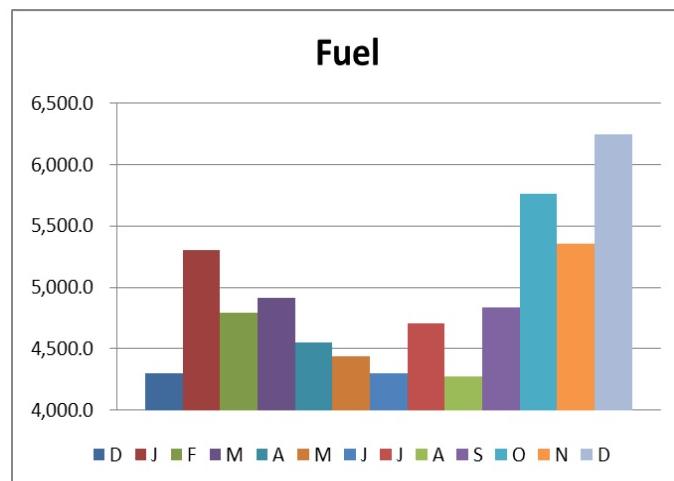
## Revenue (Con't)



## Expenses



### Expenses (Con't)



## Expenses (Con't)

